

Senate Amendment 5099

PAG LIN

1 1 Amend House File 2712, as passed by the House, as
1 2 follows:
1 3 #1. Page 3, by inserting after line 35 the
1 4 following:
1 5 <Sec. _____. Section 411.8, subsection 1, paragraph
1 6 b, Code 2005, is amended by adding the following new
1 7 unnumbered paragraph:
1 8 NEW UNNUMBERED PARAGRAPH. To assist in determining
1 9 the normal rate of contribution, the board of trustees
1 10 shall adopt a smoothing method for valuing the assets
1 11 of the system. The smoothing method shall be designed
1 12 to reduce changes in the normal contribution rate
1 13 which could result from fluctuations in the market
1 14 value of the assets of the system and shall reflect a
1 15 time period of at least ten years, consistent with the
1 16 time period used by the board to determine expected
1 17 investment returns of the system.
1 18 Sec. _____. Section 411.8, subsection 1, paragraph
1 19 f, subparagraph (8), Code 2005, is amended to read as
1 20 follows:
1 21 (8) Beginning July 1, 1996, and each fiscal year
1 22 thereafter, an amount equal to the member's
1 23 contribution rate times each member's compensation
1 24 shall be paid to the fund from the earnable
1 25 compensation of the member. For the purposes of this
1 26 subparagraph, the member's contribution rate shall be
1 27 nine and thirty-five hundredths percent. However, the
1 28 system shall increase the member's contribution rate
1 29 as necessary to cover any increase in cost to the
1 30 system resulting from statutory changes which are
1 31 enacted by any session of the general assembly meeting
1 32 after January 1, 1991, and any increase in cost to the
1 33 system that is not attributable to investment
1 34 performance of moneys in the fund, if the increase
1 35 cannot be absorbed within the contribution rates
1 36 otherwise established pursuant to this paragraph, but
1 37 subject to a maximum employee contribution rate of
1 38 eleven and three-tenths percent. The contribution
1 39 rate increases specified in 1994 Iowa Acts, chapter
1 40 1183, pursuant to this chapter and chapter 97A shall
1 41 be the only member contribution rate increases for
1 42 these systems resulting from the statutory changes
1 43 enacted in 1994 Iowa Acts, chapter 1183, and shall
1 44 apply only to the fiscal periods specified in 1994
1 45 Iowa Acts, chapter 1183. After the employee
1 46 contribution reaches eleven and three-tenths percent,
1 47 sixty percent of the additional cost of such statutory
1 48 changes shall be paid by employers under paragraph "c"
1 49 and forty percent of the additional cost shall be paid
1 50 by employees under this paragraph.
2 1 Sec. _____. Section 411.8, Code 2005, is amended by
2 2 adding the following new subsection:
2 3 NEW SUBSECTION. 3. a. A favorable experience
2 4 reserve account, hereafter called the "reserve
2 5 account", is established within the fund. Moneys
2 6 credited to the reserve account shall be used by the
2 7 system for the purpose of providing contribution
2 8 relief to cities pursuant to this subsection.
2 9 b. Moneys shall be credited to the reserve account
2 10 in any applicable fiscal year in an amount equal to
2 11 the reserve account rate multiplied by the total
2 12 compensation earnable by all members during the fiscal
2 13 year. The reserve account rate is that rate, if
2 14 positive, equal to seventeen percent minus the normal
2 15 contribution rate for cities as calculated pursuant to
2 16 this section for the applicable fiscal year. For
2 17 purposes of this paragraph, the normal contribution
2 18 rate for cities shall be the rate as calculated
2 19 pursuant to this section without the provision
2 20 requiring that the rate be at least seventeen percent.
2 21 c. Moneys credited to the reserve account and
2 22 interest and earnings on moneys credited to the
2 23 reserve account shall be transferred and payable to
2 24 the fund pursuant to the requirements of this

2 25 subsection. If the normal contribution rate for
2 26 cities based upon the most recent actuarial valuation
2 27 would exceed twenty percent, then the system shall
2 28 transfer that portion of moneys in the reserve account
2 29 necessary to reduce the normal contribution rate for
2 30 cities to no less than twenty percent. Following the
2 31 transfer of moneys to the fund as provided in this
2 32 paragraph, the system's actuary shall recalculate the
2 33 normal contribution rate for cities and that rate
2 34 shall be used for the applicable fiscal year.>
2 35 #2. Title page, line 1, by striking the word
2 36 <establishing> and inserting the following:
2 37 <concerning the statewide fire and police retirement
2 38 system including the financing of the system and
2 39 establishment of>.
2 40 #3. Title page, by striking line 2, and inserting
2 41 the following: <and>.
2 42 #4. By renumbering as necessary.
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2 46 LARRY McKIBBEN
2 47 HF 2712.301 81
2 48 ec/cf/4305